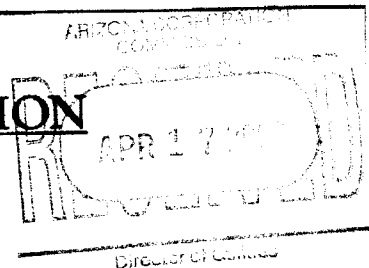


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION



ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

B

W-02089A

Kyllo Development Corp.
dba Bradshaw Mountain View Water Co.
PO Box 20939
Sedona, AZ 86341

ANNUAL REPORT

FOR YEAR ENDING

| | | |
|----|----|------|
| 12 | 31 | 2001 |
|----|----|------|

FOR COMMISSION USE

| | |
|-------|----|
| ANN04 | 01 |
|-------|----|

Processed by:

4-19-02 cm

SCANNED

COMPANY INFORMATION

| | | |
|---|--|---|
| Company Name (Business Name) <u>Kyllo Development Corp. BMWWCO</u> | | |
| Mailing Address <u>PO Box 20939</u> | | |
| <u>Sedona</u> (City) | <u>Arizona</u> (State) | <u>86341</u> (Zip) |
| <u>928-284-1719</u> Telephone No. (Include Area Code) | <u>928-284-1719</u> Fax No. (Include Area Code) | <u></u> Pager/Cell No. (Include Area Code) |
| Email Address <u>kyllo@sedona.net</u> | | |
| Local Office Mailing Address <u>Same</u> | | |
| <u></u> (City) | <u></u> (State) | <u></u> (Zip) |
| <u></u> Local Office Telephone No. (Include Area Code) | <u></u> Fax No. (Include Area Code) | <u></u> Pager/Cell No. (Include Area Code) |
| Email Address <u></u> | | |

MANAGEMENT INFORMATION

| | | | |
|--|--|---|-----------------------|
| Management Contact: <u>Tim Kyllo</u> | | <u>Pres</u> | |
| <u>PO Box 20939</u> (Street) | <u>Sedona</u> (City) | <u>Arizona</u> (State) | <u>86341</u> (Zip) |
| <u>928-284-1719</u> Telephone No. (Include Area Code) | <u>928-284-1719</u> Fax No. (Include Area Code) | <u></u> Pager/Cell No. (Include Area Code) | |
| Email Address <u>kyllo@sedona.net</u> | | | |
| On Site Manager: <u>Same</u> | | | |
| <u></u> (Street) | <u></u> (City) | <u></u> (State) | <u></u> (Zip) |
| <u></u> Telephone No. (Include Area Code) | <u></u> Fax No. (Include Area Code) | <u></u> Pager/Cell No. (Include Area Code) | |
| Email Address <u></u> | | | |

Statutory Agent: Tim Kylo

(Name)

PO Box 20939

(Street)

Sedona

(City)

Arizona

(State)

86341

(Zip)

928-284-1719

Telephone No. (Include Area Code)

928-284-1719

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Raoul Jacques

(Name)

40 E Virginia

(Street)

Phoenix

(City)

Arizona

(State)

95004

(Zip)

602-263-5771

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

☐ YUMA

☐ STATEWIDE

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|--------------|---|-----------------------|-------------------------------------|--------------------------|
| 301 | Organization | 10,271 | 10,271 | 0 |
| 302 | Franchises | 0 | | |
| 303 | Land and Land Rights | 5,500 | 0 | 5,500 |
| 304 | Structures and Improvements | 14,205 | 9,693 | 4,512 |
| 307 | Wells and Springs | 26,969 | 19,048 | 7,920 |
| 311 | Pumping Equipment | 37,716 | 27,277 | 10,439 |
| 320 | Water Treatment Equipment | 1,735 | 953 | 781 |
| 330 | Distribution Reservoirs and Standpipes | 29,962 | 16,299 | 13,663 |
| 331 | Transmission and Distribution Mains | 163,552 | 163,552 | 0 |
| 333 | Services | 81,636 | 32,889 | 48,747 |
| 334 | Meters and Meter Installations | 42,510 | 24,096 | 18,414 |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | | | |
| 340 | Office Furniture and Equipment | | | |
| 341 | Transportation Equipment | 850 | 850 | 0 |
| 343 | Tools, Shop and Garage Equipment | | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | TOTALS | 414,906 | 304,928 | 109,978 |

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

| Acct. No. | DESCRIPTION | Original Cost (1) | Depreciation Percentage (2) | Depreciation Expense (1x2) |
|--------------|--|----------------------|-----------------------------------|----------------------------------|
| 301 | Organization | 10,271 | 5% | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | 5,500 | | |
| 304 | Structures and Improvements | 14,205 | | 710 |
| 307 | Wells and Springs | 26,969 | | 1,348 |
| 311 | Pumping Equipment | 37,716 | | 1,885 |
| 320 | Water Treatment Equipment | 1,735 | | 87 |
| 330 | Distribution Reservoirs and Standpipes | 29,962 | | 1,498 |
| 331 | Transmission and Distribution Mains | 163,552 | | |
| 333 | Services | 81,636 | | 4,082 |
| 334 | Meters and Meter Installations | 42,510 | | 2,125 |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | | | |
| 340 | Office Furniture and Equipment | | | |
| 341 | Transportation Equipment | 850 | | |
| 343 | Tools, Shop and Garage Equipment | | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | TOTALS | 414,906 | | 11,735 |

This amount goes on Comparative Statement of Income and Expense Acct. No. 403

BALANCE SHEET

| Acct. No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|--------------|---|------------------------------------|------------------------------|
| | ASSETS | | |
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$ 983 | \$ 1,313 |
| 134 | Working Funds | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | | |
| 146 | Notes/Receivables from Associated Companies | | |
| 151 | Plant Material and Supplies | | |
| 162 | Prepayments | | |
| 174 | Miscellaneous Current and Accrued Assets | | |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$ 983 | \$ 1,313 |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$ 393,131 | \$ 414,906 |
| 103 | Property Held for Future Use | | |
| 105 | Construction Work in Progress | | |
| 108 | Accumulated Depreciation – Utility Plant | 293,193 | 304,928 |
| 121 | Non-Utility Property | | |
| 122 | Accumulated Depreciation – Non Utility | | |
| | TOTAL FIXED ASSETS | \$ 99,938 | \$ 109,976 |
| | TOTAL ASSETS | \$ 100,921 | \$ 111,289 |

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

| Acct. No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|--------------|---|------------------------------------|------------------------------|
| | LIABILITIES | | |
| | CURRENT LIABILITIES | | |
| 231 | Accounts Payable | \$ 30,206 | \$ 30,206 |
| 232 | Notes Payable (Current Portion) | | |
| 234 | Notes/Accounts Payable to Associated Companies | | |
| 235 | Customer Deposits | 9,449 | 11,546 |
| 236 | Accrued Taxes | | |
| 237 | Accrued Interest | | |
| 241 | Miscellaneous Current and Accrued Liabilities | | |
| | TOTAL CURRENT LIABILITIES | \$ 39,655 | \$ 41,752 |
| | LONG-TERM DEBT (Over 12 Months) | | |
| 224 | Long-Term Notes and Bonds | \$ 173,499 | \$ 166,724 |
| | DEFERRED CREDITS | | |
| 251 | Unamortized Premium on Debt | \$ | \$ |
| 252 | Advances in Aid of Construction <i>meter fees</i> | 20,980 | 21,886 |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | | |
| 272 | Less: Amortization of Contributions | | |
| 281 | Accumulated Deferred Income Tax | | |
| | TOTAL DEFERRED CREDITS | \$ 20,980 | \$ 21,886 |
| | TOTAL LIABILITIES | \$ 234,134 | \$ 230,362 |
| | CAPITAL ACCOUNTS | | |
| 201 | Common Stock Issued | \$ | \$ |
| 211 | Paid in Capital in Excess of Par Value | | |
| 215 | Retained Earnings | (133,215) | (119,073) |
| 218 | Proprietary Capital (Sole Props and Partnerships) | | |
| | TOTAL CAPITAL | \$ (133,215) | \$ (119,073) |
| | TOTAL LIABILITIES AND CAPITAL | \$ 100,919 | \$ 111,288 |

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|-----------|---|-------------------|-------------------|
| 461 | Metered Water Revenue | \$ 167,691 | \$ 163,969 |
| 460 | Unmetered Water Revenue | | |
| 474 | Other Water Revenues | 968 | 1,345 |
| | TOTAL REVENUES | \$ 168,659 | \$ 165,314 |
| | | | |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | \$ | \$ |
| 610 | Purchased Water | | |
| 615 | Purchased Power | 15,524 | 18,643 |
| 618 | Chemicals | 1,975 | 2,250 |
| 620 | Repairs and Maintenance | 12,875 | 16,785 |
| 621 | Office Supplies and Expense | 2,100 | 2,500 |
| 630 | Outside Services | 65,000 | 70,770 |
| 635 | Water Testing | 3,540 | 3,540 |
| 641 | Rents | 12,000 | 12,000 |
| 650 | Transportation Expenses | | |
| 657 | Insurance – General Liability | 8,700 | 8,700 |
| 659 | Insurance - Health and Life | | |
| 666 | Regulatory Commission Expense – Rate Case | | |
| 675 | Miscellaneous Expense | 1,200 | 1,200 |
| 403 | Depreciation Expense | 10,652 | 11,735 |
| 408 | Taxes Other Than Income | | |
| 408.11 | Property Taxes | 7,009 | 7,762 |
| 409 | Income Tax | | |
| | TOTAL OPERATING EXPENSES | \$ 140,575 | \$ 159,254 |
| | | | |
| | OTHER INCOME/EXPENSE | | |
| 419 | Interest and Dividend Income | \$ | \$ |
| 421 | Non-Utility Income | | |
| 426 | Miscellaneous Non-Utility Expenses | | |
| 427 | Interest Expense | 11,442 | 11,225 |
| | TOTAL OTHER INCOME/EXP | \$ | \$ |
| | | | |
| | NET INCOME/(LOSS) | \$ 16,642 | \$ (1,795) |

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|----------------------|---------|---------|---------|
| Date Issued | 1/1/86 | | | |
| Source of Loan | sp valley dev | | | |
| ACC Decision No. | | | | |
| Reason for Loan | | | | |
| Dollar Amount Issued | \$ 223,000 | \$ | \$ | \$ |
| Amount Outstanding | \$ 166,724 | \$ | \$ | \$ |
| Date of Maturity | 2016 | | | |
| Interest Rate | 7% | | | |
| Current Year Interest | \$ 11,225 | \$ | \$ | \$ |
| Current Year Principle | \$ 6,775 | \$ | \$ | \$ |

| | |
|--|------------------|
| Meter Deposit Balance at Test Year End | \$ 9,449 |
| Meter Deposits Refunded During the Test Year | \$ 11,546 |

COMPANY NAME **Kyllo Development Corp. BMVWCO**

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number | Pump Horsepower | Pump Yield (Gpm) | Casing Size (inches) | Meter Size (inches) |
|------------------|--------------------|---------------------|-------------------------|------------------------|
| 55-610558 | 10 | 200 | 6 | 2 |
| 55-610557 | 5 | 100 | 6 | 2 |
| 55-610556 | 7.5 | 300 | 6 | 2 |
| | | | | |
| | | | | |
| | | | | |

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|---------------------|-------------------|---|
| | | |
| | | |

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = _____

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|---------------|----------|-------------------|----------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 20 | 1 | 6 | |
| | | | |
| | | | |
| | | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|----------------|----------|----------------|----------|
| Capacity | Quantity | Capacity | Quantity |
| 125,000 | 1 | | |
| 65,000 | 1 | | |
| | | | |
| | | | |

STATISTICAL INFORMATION

| | | |
|------------------------------|-------------------|---------|
| Total number of customers | 488 | |
| Total number of gallons sold | 41,149,000 | gallons |

COMPANY NAME kyllo Development Corp BMVWCO

YEAR ENDING 12/31/2001

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported S-Corp N/A
Estimated or Actual Federal Tax Liability _____State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE_____
DATE_____
PRINTED NAME_____
TITLE

COMPANY NAME Kyllo Development Corp.

YEAR ENDING 12/31/2001

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

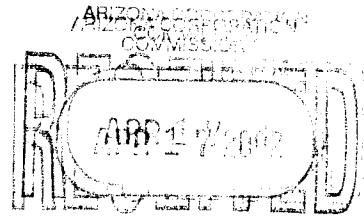
Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

\$ 7,761.54

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**



VERIFICATION
STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

| | |
|--------------------------------|---------------------------------------|
| COUNTY OF (COUNTY NAME) | <u>Yavapai</u> |
| NAME (OWNER OR OFFICIAL) TITLE | <u>Timothy L. Kylo</u> |
| COMPANY NAME | <u>Kyllo Development Corp. BMVWCO</u> |

dba Bradshaw Mountainview Water Co
DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| MONTH | DAY | YEAR |
|-------|-----|------|
| 12 | 31 | 2001 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

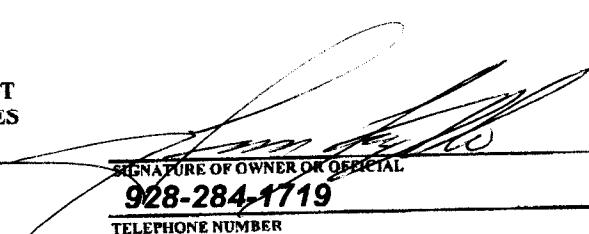
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)
\$ 175,568.99

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 10,254.20
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


SIGNATURE OF OWNER OR OFFICIAL
928-284-1719
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15

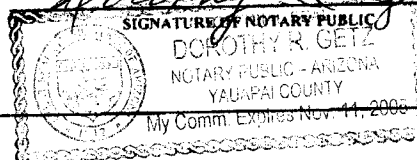
DAY OF

| | |
|-------------|----------------|
| COUNTY NAME | <u>YAVAPAI</u> |
| MONTH | <u>April</u> |
| | <u>20 02</u> |

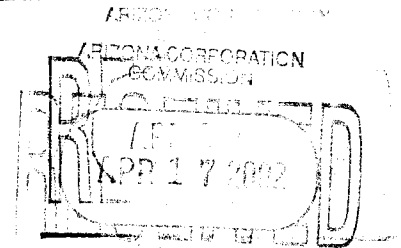
(SEAL)

MY COMMISSION EXPIRES

Nov 11, 2005



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | |
|--|------------------------|
| (COUNTY NAME) Yavapai | |
| NAME (OWNER OR OFFICIAL) Timothy L. Kylo | TITLE President |
| COMPANY NAME Kylo Development Corp. dba Bradshaw Mountainview Water Co. | |

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

| | | |
|-----------|-----------|-------------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2001 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

| |
|--|
| ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 143,965 |
|--|

**(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ **8,532**
IN SALES TAXES BILLED, OR COLLECTED**

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

X
SIGNATURE OF OWNER OR OFFICIAL

**SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF**
THIS 15 **DAY OF** APRIL
(SEAL)
MY COMMISSION EXPIRES Nov 11, 2005

| | |
|--|--------------|
| NOTARY PUBLIC NAME Dorothy R. Getz | |
| COUNTY NAME YAVAPAI | |
| MONTH April | 20 02 |

X
SIGNATURE OF NOTARY PUBLIC

2001 1 1/2

KYLLO DEVELOPMENT CORP.
DBA BRADSHAW MOUNTAINVIEW WATER CO.
P.O. BOX 20939
SEDONA, AZ 86341-0939

903-24-3907

BANK ONE
SEDONA, ARIZONA 86341
91-2/1221 - 279

2489

B#1028429

10/5/01

PAY TO THE ORDER OF Yavapai County Assesor

\$ **3,880.77

Three Thousand Eight Hundred Eighty and 77/100*****

DOLLARS
Security features
included.
Details on back.

Yavapai County Assesor

MEMO 2001 1st half roll # 130543

⑈002489⑈ ⑆122100024⑆

0307⑈6684⑈

⑈0000388077⑈

2001 2 1/2

KYLLO DEVELOPMENT CORP.
DBA BRADSHAW MOUNTAINVIEW WATER CO.
P.O. BOX 20939
SEDONA, AZ 86341-0939

903-24-3907

BANK ONE
SEDONA, ARIZONA 86341
91-2/1221 - 279

2500

11/12/01

PAY TO THE ORDER OF Yavapai County Treasurer

\$ **3,880.77

Three Thousand Eight Hundred Eighty and 77/100*****

DOLLARS
Security features
included.
Details on back.

Yavapai County Treasurer

B#1047478

MEMO

⑈002500⑈ ⑆122100024⑆

0307⑈6684⑈

⑈0000388077⑈